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Bayh, Conyers Host Roundtable on Crisis in U.S. Auto Industry

Today Senator Evan Bayh and Congressman John Conyers, Jr. hosted a roundtable forum on the crisis affecting the U.S. auto industry. Congressman Conyers' statement follows below:

Today's Democratic hearing is designed to help us address the crisis in the American Automotive Industry. At one time the United Auto Workers had more than 1.5 million members in this country, today there are only slightly more than 600,000. Things may get worse before they get better, as both GM and Ford are in the midst of massive restructuring designed to eliminate tens of thousands of additional jobs. At the same time, those workers who are able to keep their jobs, are facing the prospect of massive cuts in not only wages, but pensions and health care benefits, that is what the Delphi bankruptcy case is all about - trying to take the benefits earned by workers in collective bargaining agreements away from them in bankruptcy.

This is a massive issue, which is important in not only my own state of Michigan, but the entire nation. Simply put, the auto industry is and remains one of the most important engines of economic health and viability in the country. Today, I hope that at the very least, we can address several issues.

First, do we need to amend the insolvency laws to deal with the tactics being used by Delphi and other companies in bankruptcy? Under present practice, management is able to unjustly enrich themselves at the expense of workers and retirees through the existing bankruptcy laws. For example, at the same time that Delphi is proposing to slash wages of their skilled workers, the company has proposed to pay out over \$100 million in bonuses to its white-collar employees. In addition, international corporations use their losses at home to justify breaking contracts with American workers while their overall company is still thriving. For example, Delphi's sprawling global footprint stretches from Brazil to China, including 65,000 workers in Mexico.

Because of these concerns, on April 6, 2006, along with Senator Bayh, I introduced the "Fairness and Accountability in Reorganizations Act of 2006," legislation that would ensure that workers and retirees receive the fair treatment they have earned when their company is facing bankruptcy. It would amend the bankruptcy law to close loopholes that allow executives to propose huge bonuses and other forms of lucrative executive compensation, at the same time they are using the bankruptcy process to try to slash wages and

benefits for workers and retirees. It would also require a bankruptcy court to consider the debtor company's foreign assets when determining whether or not a company can modify its existing collective bargaining agreement and its retiree health benefits.

Chapter 11 was traditionally about sharing the pain of bankruptcy, but now sophisticated executives are abusing the process for their own gain. There is much irony in the fact that the new bankruptcy law passed last year virtually ignores corporate bankruptcies while penalizing low income debtors and families. Now, we are faced with a severe crisis where, as noted by labor expert Harley Shaiken, "the temptation is to make the workforce pay for management's mistakes, rather than taking all of the stakeholders into account and re-building the company together." My legislation, H.R. 5113, only seeks to bring back equity to the process, imposing more conditions on companies before they can shed their contractual liabilities.

Second, what can be done about the skyrocketing cost of health insurance? American automakers spend approximately \$1500 per car for health care; GM spends more money on health care per car than they do on steel. American automakers are at a disadvantage vis-à-vis their foreign competitors because automakers abroad have either the advantage of government-subsidized health care, or do not provide health care at all.

Some believe that the answer to this problem is to shift the costs of health care from their employer back to the workers' families. I disagree, and would argue that as the only industrialized nation without a national health care law, it is long past time that our entire nation tackled this problem together. That is why I introduced H.R. 676, the U.S. National Health Insurance Act. In 1968, United Auto Workers President Walter Reuther warned us that "We must first free ourselves of the illusion that we really have a health care system in America. What we have is a disorganized, disjointed, antiquated, obsolete non-system of healthcare. Consumers are being required to subsidize a non-system that fails to deal with their basic health care needs and the cost of that system is continuing to skyrocket." Those words are more true today than ever as Ron Gettelfinger noted just last month: "Health care is another area where we are at a competitive disadvantage. Yet, this president has stood on the sidelines as health care costs soar out of control. The United States, and some would argue South Africa, are the only industrialized nations in the world without some form of national health care, and our country is paying a high price for that failure."

I want to thank today's witnesses for participating in today's hearing. I want to particularly thank Mr. Gettelfinger for finding time in his busy week to come to Washington to testify. He has been a brilliant and tireless advocate for both workers and the industry, and has managed the UAW through some of the most difficult times imaginable. I hope today's hearings will begin the process by which we can make things a little bit better.